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C O N F I D E N T I A L SECTION 01 OF 03 CHENGDU 000009

SIPDIS

DEPT FOR EAP/CM, G/TC FOR JEANNETTE WINDON, DRL/IRF FOR EMILIE KAO
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SUBJECT: TIBETAN HERDERS IN SICHUAN'S HONGYUAN COUNTY FACE UNCERTAIN
FUTURE AS COUNTY DEVELOPS

REF: A. A) CHENGDU 008
1B. B) 09 CHENGDU 247
1C. C) 09 CHENGDU 195
1D. D) 07 CHENGDU 140
1E. E) INR ASSESSMENTS (MORE TIBET WATER TO SLAKE DRAGON'S THIRST? HTTP://INRWEB.STATE.SGOV.GOV/IA/M061207A.HTM; TIBET: ICE BEFORE AUTONOMY HTTP://INRWEB.STATE.SGOV.GOV/IA/M091218A.HTM)

CLASSIFIED BY: David E. Brown, Consul General.
REASON: 1.4 (b), (d)

1. (U) This is the second of two cables on economic development and nomad settlement policies in Tibetan communities of Hongyuan County, in Aba (Tibetan: Ngaba) Tibetan and Qiang Autonomous Prefecture, western Sichuan, based on travel there in November and December. See ref A for first report.

2. (SBU) Summary: Improving livelihoods and protecting the environment are the official rationales for nomad settlement and grasslands enclosure in nomadic Tibetan areas of Sichuan, but real progress on these fronts remains to be seen in Hongyuan County of Aba Tibetan and Qiang Autonomous Prefecture. The economics of herders' lives remain largely unchanged; they continue to rely on herding for their livelihoods, and live in a largely cash-free economy. Locals report little actual implementation of grazing bans, and question their environmental protection utility. Since Congen Chengdu's last visit to Hongyuan in 2007, construction and investment in the county have markedly increased. For example: multiple new housing developments for nomad settlement; upgraded county roads; a large new People's Armed Police (PAP) base; expanding mushroom cultivation facilities; and preparations for a planned new airport. Little or none of these developments have resulted in significant new job opportunities for the local population; instead, resulting jobs are mostly going to migrant Han laborers. End Summary.

Herding Remains Main Source of Livelihood;
Many Uncertain Regarding Future

3. (SBU) Despite profound changes underway in nomadic Tibetan areas (ref A), the economics of herders' lives remain largely unchanged in Hongyuan. In every settlement we visited, locals said that virtually all families continue to rely on herding for their livelihood. Even those with larger herds, thus considered more well-off, have no regular cash income, though some earn small amounts by selling yak milk and butter. When cash is needed, they typically sell off part of their herd, often to Chinese buyers from elsewhere in Sichuan, but sometimes to other herders. One young herder told us that although his family has a herd of about 200 yaks, they live with virtually no cash income. Asked about how he purchased the motorbike he was riding, he said that he raised the 6,000 RMB (USD 882) purchase price through selling some of his herd. (Motorbikes, mostly red Wuyang-Hondas, appear to be replacing horses as the main mode of

transportation for many nomadic herders.)

14. (SBU) Note: For Tibetan herders, their herd functions as their bank account, and their measure of wealth. None of the villages appear to have any permanent banking presence. We came across one sign for a Rural Credit Cooperative in Anqu (Tib: Amchok), about an hour south of Hongyuan's county seat, but it appeared closed and non-operational. Some locals reported that they have been able to access low-interest government loans to cover about 20 percent of the cost of new settlement homes, but these seem to have been distributed via government offices rather than banking institutions. End note.

15. (SBU) Most locals with whom we spoke expressed the expectation that the next generation will continue to be herders like them, although some hoped for different futures for their children. In a settlement on the outskirts of the Hongyuan county seat, a couple whose two children were enrolled in school said they hoped their education would enable them to leave the herding life behind, but doubted it was possible, saying that "children of herders don't get jobs." Overall, local Tibetans expressed confusion regarding the implications of the ongoing transformation of their lives and great uncertainty about the future, many saying, "We don't know if what is happening now will bring anything good in the future." (Note: We did not discuss the new program to send thousands of Tibetan middle school graduates per year from Aba, Ganzi, and Liangshan to vocational and academic high schools in ethnic Han areas of Sichuan. It is likely this will also have a dramatic affect on Hongyuan communities' futures. See ref C. End note.)

Few Job Opportunities for Tibetans

16. (SBU) While officials have often have said that Tibetans are encouraged to shift to work as laborers in order to relieve pressure on the land (ref D), we saw no evidence that realistic job opportunities have materialized for any significant part of

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the Tibetan population in Hongyuan County. During a guided tour in November, an official touted a newly established seed production facility as a source of jobs for the herders whose land had been "contracted" for its use. But when queried further, he reported that the facility required a total of only 10 full-time employees. The biggest demand for labor now comes from the builders of the new herder settlement villages. However, according to locals' accounts, the contracts for home building in each village we visited during December travel had all gone to Chinese companies from inland Sichuan. Moreover, local Tibetans in each village all reported that the building work was done by migrant Han labor, an assessment confirmed by our own observations -- we did not come across any local Tibetans among the construction workers where buildings were in progress. Likewise, other developments described below bring in migrant Han laborers rather than hiring locally.

17. (SBU) Note: As part of Sichuan's nomad resettlement policies, cities in the province have been "partnered" with Tibetan counties to help implement the program. According to Chinese media, Zigong, a city of over three million located 200 kilometers south of Chengdu, has been "partnered" with Hongyuan and Dzorge counties. The reports note that Zigong is to assist with the building of a total of 65 settlement sites, 31 of which are in Hongyuan. It is highly likely that most -- or even all -- of the contracts for these building projects are going to Zigong-based developers, who are also bringing in their own workers. End Note.

Hongyuan Developments: Transportation Infrastructure and a Large New PAP Presence

18. (SBU) Driving from the Jiuzhaigou airport to Hongyuan's county seat, we found that the county-level two-lane road had been mostly paved since the last Congen Chengdu travel to the

area in 2007 (ref D). (Neither of Aba Prefectures two stretches of national highway (gaosu gonglu) pass through Hongyuan County.) The improved road continues out of Hongyuan toward the prefecture capital of Barkam. Most other roads in Hongyuan County remain rough, with long stretches either unpaved or with old unmaintained pavement, although several road improvement/construction projects were underway.

¶9. (SBU) About an hour's drive from the county seat, we visited the site of a planned new airport. No airport construction was yet visible along the large flat grassland areas flanking the road. However, less than a mile further, equipment was set up in a large area for collecting sand, used as the main raw material for cement production. We were told that an ethnic Han business man from Heishui (about five hours drive south and then east) was the main investor, and that the area would be the primary sand source for development of the airport and ongoing road building projects. (Note: Sichuan provincial planning authorities plan three new airports in the province by 2012, bringing the province's total to 14. Two of the new airports, Hongyuan and Yading in Ganzi Tibetan Autonomous Prefecture, are in Tibetan areas. The third is planned for Leshan, south of Chengdu. End Note.)

¶10. (C) The downtown area of the Hongyuan county seat itself appears to have seen little recent development -- it remains mostly unpaved, and with few street lights at night, and the few hotels in town mostly shut down for the winter. However, new buildings such as a high school and a new nomad settlement village have gone up on the town's edge. Most notable among these was a large new PAP base, which locals told us was built within the last year. According to their estimates, there are about 2,000 PAP soldiers newly assigned there. We observed one five-man PAP patrol in town and a few guards at the front entrance.

Tibetan Don't Want to Work at "Poisonous" Mushroom Base

¶11. (SBU) Just down the street from new PAP base and the new high school, and immediately adjacent to a new Tibetan nomad settlement village, we saw a complex of about 100 mushroom cultivation facilities, each a few thousand square meters. Residents of the neighboring settlement village told us that Han Chinese investors started contracting for the land and setting up the facilities several years ago, and have been steadily acquiring new land use rights to expand the investment since. All the staff are ethnic Han, mostly migrants from other areas of Sichuan, they said, adding "they don't hire Tibetans." However, they also reported little local interest in these jobs - they had heard that the facilities are "very poisonous," utilizing large volumes of chemicals to grow the mushrooms

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quickly, and adversely affecting the respiratory systems of the workers. According to their estimates, each individual facility can produce enough mushrooms to earn 200,000 RMB (USD 29,412) a year. (Note: According to Chinese media reports, there are now five such mushroom cultivation centers in Hongyuan, employing about 2000 people and producing approximately 8 million RMB (USD 1,176,470) of revenue in 2009. The mushrooms are sold to markets around the country such as Chengdu, Beijing, Harbin, Zhuhai and Chongqing. End Note.)

Little Evidence of Environmental Protection Observed

¶12. (SBU) Environmental recovery and preservation are often identified as a priority by provincial and local officials, and are a primary rationale for land contracting and nomad settlement policies. However, we saw little evidence of implementation on this front. During the officially-guided trip in November, officials showed us one herder's land, explaining that they had been working with the family to counter severe desertification through a combination of seed planting and grazing bans, and pointing to a fenced off grassy area they said

had been recovered as a result. However, when traveling without official guides in December, most locals were unfamiliar with any grassland recovery policies. The few who were described implementation as extremely limited, and none knew of any land where grazing was completely banned as stipulated in the "converting pastures to grasslands" (tuimuhuancao), policy launched in 2005. One herder pointed out a patch of fenced-off land, saying it was a designated as a "no grazing" area. However, herders still cut grass from the area when they need it and are also allowed to let weaker animals directly graze there, he said.

¶13. (SBU) Comment: One impediment to implementing the "converting pastures to grasslands" policy may well be resistance by Tibetan herders to being defined as the main cause of grassland degradation. End Comment. One source remarked that it is the government's land division and fencing policies that should be blamed for degradation, as they force herds to graze repeatedly in the same area. Traditional rotational herding practices, on the other hand, provide greater flexibility to adjust to conditions and allow grassland recovery as needed, he said.

¶14. (SBU) Note: Chinese scientific studies since the 1980s have often cited overgrazing and grassland rodents (voles) as the main causes of desertification. Recently Chinese scientists and officials are increasingly identifying global climate change as a main factor in desertification on the Qinghai-Tibet plateau. See also refs D and E. End note.
BROWN